



State of Arizona

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Statement by Governor Brewer
Too Many Questions, Costs with State Health Exchange

PHOENIX – Today, Governor Jan Brewer notified the Obama administration that the State of Arizona will not pursue the creation of a state-based Health Exchange. Instead, Arizona will participate in a federally-operated Exchange, according to the guidelines of the Patient Protection and Affordable Care Act.

“Today, I notified the U.S. Department of Health and Human Services (HHS) that the State of Arizona will not create a state-based Health Exchange. This decision comes following an extensive research and outreach process during which my team of health advisors conducted public hearings and met with HHS, patient advocates and representatives of Arizona hospitals, health providers, insurers, tribal groups and other members of the health care community.

“This has been one of the more difficult decisions of my career in public service. My opposition to the Affordable Care Act (ACA) is unwavering, as is my belief that it should be repealed and replaced with legislation that achieves its stated goals: to improve access to quality, affordable health care in this country. But I am also aware that the ACA remains the law of the land. Likewise, though I am a steady advocate of local control, I have come to the conclusion that the State of Arizona would wield little actual authority over its ‘state’ Exchange. The federal government would maintain oversight and control over virtually every aspect of our Exchange, limiting our ability to meet the unique needs of Arizonans and the Arizona insurance market.

“A state Exchange would be costly. Though the federal government has pledged to pay nearly all startup costs, states that form their own health exchanges are on the hook for operational expenses beginning in 2015. Those costs could total \$27 million to \$40 million annually for the State of Arizona, according to a recent study conducted by Mercer. Of course, these expenses would be passed along in the form of fees resulting in higher health premiums for Arizona families and small businesses. This would be an additional financial burden at a time when so many Arizonans are still struggling.

“Lastly, there simply remains too much we don’t know about how a State-based Exchange would function and its ultimate cost to taxpayers. Without clear federal guidance and instruction, I cannot in good conscience commit the taxpayers of my state to this costly endeavor.

“The State of Arizona has a long history of health care innovation. Our Medicaid program, AHCCCS, has been a national model of cost-efficient care for three decades, and our pioneering pursuit of integrated health is designed to improve the quality of life for Arizonans living with serious mental illness. In this proud tradition, I remain committed to working with legislators to enact State reforms that improve care and reduce costs for Arizona families, while maintaining a vibrant and competitive health care marketplace.”

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